

MINUTE ITEM

6. INTERIM RELEASE AGREEMENT, WATER INJECTION, RANGER AND UPPER TERMINAL ZONES, FAULT BLOCK I, WILMINGTON FIELD - L.B.W.O. 10,105.

After consideration of Calendar Item 17 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS THAT THE ENTERING INTO AND PERFORMANCE OF THE AGREEMENT UNDER THE WATER-FLOODING PROGRAM KNOWN AS "INTERIM RELEASE AGREEMENT" (RANGER AND UPPER TERMINAL ZONES OF FAULT BLOCK I), WILMINGTON FIELD, BETWEEN THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH, LONG BEACH OIL DEVELOPMENT COMPANY, AND LOS ANGELES AND SALT LAKE RAILROAD COMPANY AND ITS LESSEE, UNION PACIFIC RAILROAD COMPANY, IS IN THE PUBLIC INTEREST; AND THAT, AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE, SUCH AGREEMENT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED, AND THAT SAID AGREEMENT PROVIDES FOR ITS SUBMISSION TO THE STATE LANDS COMMISSION FOR APPROVAL.
2. APPROVES THE AFORESAID AGREEMENT PURSUANT TO THE PROVISIONS OF SECTION 6879 OF THE PUBLIC RESOURCES CODE.

Attachment

Calendar Item 17 (2 pages)

CALENDAR ITEM

17.

INTERIM RELEASE AGREEMENT, WATER INJECTION, RANGER AND UPPER TERMINAL ZONES, FAULT BLOCK I, WILMINGTON FIELD - L.B.W.O. 10,105.

In accordance with the provisions of Section 6879 of the Public Resources Code, the City of Long Beach has submitted an interim release agreement relating to water injection into the Ranger and the Upper Terminal Zones in Fault Block I of the Wilmington Oil Field for approval by the State Lands Commission.

The draft of agreement has been approved by the City Council of the City of Long Beach and by its Board of Harbor Commissioners, and a resolution has been adopted making the findings required precedent to entry into such agreement in compliance with the requirements of Section 6879 of the Public Resources Code.

Union Pacific and the City are also negotiating with other parties for the making of a co-operative agreement covering properties in Fault Block I and Fault Block II under which, among other things, Long Beach and other parties will release Union Pacific from liability or damage to property owned by Long Beach, and located in the Wilmington Field, caused in whole, or in part, by the injection of water by Union Pacific into the Ranger Zone and Upper Terminal Zone underlying lands owned by Union Pacific, located in Fault Block I in the vicinity of Seaside Boulevard.

Long Beach desires Union Pacific to initiate and conduct water injection operations into two wells, one completed in the Ranger Zone and one completed in the Ranger and Upper Terminal Zones, in accordance with plans approved by the State Oil and Gas Supervisor, prior to the time the co-operative agreement, covering properties in Fault Block I and Fault Block II, becomes effective.

Union Pacific is willing to initiate and conduct such water injection operations upon condition that Long Beach and the Long Beach Oil Development Company release Union Pacific from liability resulting from such water injection operations.

No pooling of production or sharing of expenses is established, or is intended by the subject agreement, and each party shall operate, develop and manage its own property. The draft of the release agreement has been reviewed by the office of the Attorney General with the conclusion that the agreement contains the provisions required by Section 6879 of the Public Resources Code and that they conform with the applicable provisions of law and that they properly may be approved by the Commission.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ENTERING INTO AND PERFORMANCE OF THE AGREEMENT UNDER THE WATER-FLOODING PROGRAM KNOWN AS "INTERIM RELEASE AGREEMENT" (RANGER AND UPPER TERMINAL ZONES OF FAULT BLOCK I), WILMINGTON FIELD, BETWEEN THE

CALENDAR ITEM 17. (CONTD.)

BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH, LONG BEACH OIL DEVELOPMENT COMPANY, AND LOS ANGELES AND SALT LAKE RAILROAD COMPANY AND ITS LESSEE, UNION PACIFIC RAILROAD COMPANY, IS IN THE PUBLIC INTEREST; AND THAT, AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE, SUCH AGREEMENT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED, AND THAT SAID AGREEMENT PROVIDES FOR ITS SUBMISSION TO THE STATE LANDS COMMISSION FOR APPROVAL.

2. APPROVE THE AFORESAID AGREEMENT PURSUANT TO THE PROVISIONS OF SECTION 6879 OF THE PUBLIC RESOURCES CODE.